

## Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00  
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/044 W

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R 060901Z JAN 78

FM AMEMBASSY MANILA

TO SECSTATE WAHSDC 0055

INFO AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

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E.O. 11652: NA

TAGS: EAIR, RP, US

SUBJECT: PHILCAB APPROVES PANAM/NORTHWEST BUDGET FARE

1. SUMMARY: PHILCAB HAS APPROVED PANAM/NORTHWEST BUDGET FARE, AND GENERAL SINGSON OF PHILCAB TOOK UNUSUAL STEP OF TELEPHONING EMBOFF TO RELAY DECISION. EMBASSY SENSES AN IMPROVED ATMOSPHERE AND RECOMMENDS THAT WE SEEK A RESOLUTION OF THE IMPASSE OVER THE ALL-CARGO QUESTION. END SUMMARY.

2. PHILCAB, MEETING IN EXECUTIVE SESSION AFTER PUBLIC HEARING JANUARY 5, APPROVED PANAM/NORTHWEST BUDGET FARE BETWEEN U.S. AND THE PHILIPPINES FOR A TRIAL PERIOD OF SIX MONTHS. EFFECTIVE IMMEDIATELY. BOTH PANAM AND NORTHWEST BELIEVE THEY COULD APPLY THE FARE JANUARY 16.

3. PAL OPPOSED THE PANAM/NORTHWEST APPLICATIONS AND SOUGHT A ONE-DIRECTIONAL BUDGET FARE (FROM THE UNITED STATES). INTERESTINGLY, ITS PLEA FELL ON DEAF EARS ON THE PHILCAB (STILL SAME MEMBERSHIP WITH SECRETARY OF TOURISM ASPIRAS, PAF COMMANDER GENERAL SARMINETO AND CAA ADMINISTRATOR GENERAL SINGSON BUT INCLUDING A NEW MEMBER IN LEON TIAN SAY WHO LIMITED OFFICIAL USE

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RETIRED FROM PAL AS A VP). PAL ARGUED THAT A TWO-DIRECTIONAL FARE WOULD CONSTITUTE A DRAIN ON GOP FOREIGN EXCHANGE (FILIPINOS TAKING ADVANTAGE OF THE CHEAP FARE TO GO TO THE UNITED STATES). PHILCAB'S REJOINDER IS THAT THE SIX-MONTH TRIAL PERIOD WOULD INDICATE WHETHER THE DOLLAR DRAIN WOULD BE SERIOUS OR NOT.

4. BY HAPPENSTANCE, EMBOFF CALLED EARLIER DURING DAY ON GENERAL SINGSON TO SOLICIT GOP SUPPORT FOR U.S. TRSB MICRO-WAVE LANDING AND GUIDANCE SYSTEM PER 77 STATE 304194. CALL FURNISHED OCCASION FOR DISCUSSION OF BILATERAL CIVAIR RELATIONS, AND GENERAL SINGSON URGED USG TAKE FRESH LOOK, BE MORE FLEXIBLE, AND MEET ITS COMMITMENTS IN THE 1974 INTERIM AGREEMENT ON THE ALL-CARGO SERVICES. GENERAL SINGSON REMINDED THAT THE GOP GAVE FLYING TIGERS A FIVE-YEAR HEAD START ON ITS ALL-CARGO SERVICES. EMBOFF PROMISED TO REPORT THE CONVERSATION TO THE DEPARTMENT.

5. PHILCAB PUBLIC HEARING AND EXECUTIVE SESSION TOOK PLACE LATER THAT AFTERNOON, ENDING ABOUT 1815. IMMEDIATELY THEREAFTER, GENERAL SINGSON PERSONALLY CALLED EMBOFF AT LATTER'S RESIDENCE TO RELAY PHILCAB DECISION ON BUDGET FARE. EMBOFF EXPRESSED APPRECIATION FOR GOP ACTION AND GENERAL SINGSON'S COURTESY IN TELEPHONING THE NEWS

6. COMMENT. GENERAL SINGSON ADMITTED IN AN ASIDE THAT PHILCAB HAD NO CHOICE BUT TO GO ALONG WITH THE BUDGET FARE AFTER HONG KONG AND SINGAPORE HAD APPROVED IT. OTHERWISE, THE TRAFFIC WILL GO TO THOSE DESTINATIONS, INCLUDING FILIPINOS TRAVELING TO THE UNITED STATES. WHAT IS UNUSUAL IS THAT HE TOOK THE INITIATIVE IN TELEPHONING EMBOFF IN THE EVENING. WE TAKE THIS AS WELL AS THE PHILCAB DECISION AS INDICATING A GREATER FLEXIBILITY IN CIVAIR RELATIONS.  
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7. AIRLINE REPS AGREE THAT THE ATMOSPHERE HAS IMPROVED AND THAT PAL DOES NOT ENJOY THE CLOSE CONTROL IT ONCE HAD OVER THE PHILCAB. MAIR IRRITANT REMAINS THE USCAB DENIAL OF THE PAL ALL-CARGO FREQUENCY OVER WHICH, ACCORDING TO AIRLINE REPS QUOTING GENERAL SINGSON, THE GOP WAS "SHOCKED." EM-BASSY STRONGLY URGES THAT DEPARTMENT AND USCAB REVIEW SITUATION THAT THAT WE TAKE INITIATIVE IN RESOLVING IRRITANT. PERHAP PAL'S APPLICATION COULD BE CONDITIONALLY APPROVED SUBJECT TO PHILCAB AGREEMENT TO CHANGE OF GUAGE FOR FLYING TIGERS.

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## Message Attributes

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